

Principal Changes Made by Senate Committee in Amendments to

Agricultural Adjustment Act (H.R. 8492)

This summary of the changes made by the Senate Committee on Agriculture and Forestry in H. R. 8492, following its passage by the House of Representatives, is supplemental to the summary prepared by the AAA of the Bill as passed by the House. Changes made by the Senate, since the Bill was reported out by the Committee, are not included.

<u>House Bill as introduced in Senate</u>	<u>Senate Committee Change</u>
Sec. 2 (1) (b) and (4) (b). One of the conditions for exercising powers under the AA act was "that the exercise of any one or more of such powers would be administratively practicable."	This phrase stricken out.
Sec. 2 (1) (b) and (4) (b). Powers were to be exercised on a finding (after investigation) that facts justified them.	It is made necessary for the Secretary to issue a proclamation as to a finding of facts before exercising powers.
Sec. 2(2)(b). Permitting benefit payments in kind. (basic agricultural commodities)	"Subject to the consent of the producer.
Sec. 2(4)(b). Secretary directed not to EXERCISE POWERS ON FINDING THAT FACTS DO not justify them.	But he may exercise them to carry out obligations already assumed.
Sec. 5 (Sec. 8c (2) of Act) Commodities and their products to which orders are applicable listed as "milk, fruits, (including pecans and walnuts but not including apples and not including fruits for canning) tobacco, vegetables (not including vegetables for canning), and naval stores" (not including products of naval stores).	Added to this list: Wool and mohair, fruits for canning (but not vegetables for canning), hops, package bees, queen bees, poultry, and refined and partly refined oleoresin (among naval stores). Soy beans are included specifically. (They were included among vegetables in the House bill). Note: Wool and mohair, while included among commodities subject to orders, are later omitted from all but a few provisions.
Sec. 5 - (Sec. 8c (5)(B) of Act). Milk orders may provide that new producers be paid price specified in order.	Milk order may provide that new producers be paid price for lowest use classification.
Sec. 5 (Sec. 8c (5) (E) of Act) Provides for verification weights, sampling, testing, security for payments in milk orders.	Adds market information, and provision for making deductions from payments to producers for these services (except those who get such service from their cooperative association).
Sec. 5 (Sec. 8c (6) (F) of Act) Provides order may fix minimum prices to be paid by first handlers for commodities other than milk.	The term <u>first handlers</u> is changed to <u>handlers</u> .



<u>Sec. 5</u> Power to fix minimum selling prices for first handlers was stricken out as the bill passed the House.	Sec. 5 (6)(G) (Sec. 8c(6)(G) of Act) Power to fix minimum selling prices for first handlers is again included.
<u>Sec. 5</u> As bill passed the House, it eliminated as a term common to all orders; that commodities (except fluid milk and cream) shall be sold only at prices filed by handlers in manner provided in the order.	This provision is again included as Sec. 8c (7) (B)
<u>Sec. 5</u> (Sec.8c(7)(B) of Act.) Directs that orders shall provide for the selection by the Secretary of an Administrative agency, and defining the powers of the agency as, " <u>among other things.</u> "	Wording changed to "appointment or selection." "Among other things" stricken out. Power of the agency limited <u>only</u> to those <u>specified.</u>
<u>Sec. 5</u> (Sec.8c(8) of Act) Provides for consent of handlers of not less than 50% by volume of a commodity or product affected by an order.	Adds the limitation - 50% of the volume "produced or marketed within the production or marketing area defined in such order," A similar area limitation in obtaining the consent of <u>producers</u> is added under subsections (9) and (9)(A) and 9(b)(i) of Sec.8c of Act; and it is provided in Subsection (9)(B)(i) that producers favoring an order without a marketing agreement may include not only those who have produced "for market" but those who have produced "for sale or consumption." (These changes also made under Subsection (16) (B) providing for termination of orders and marketing <u>agreements.</u> )
<u>Sec. 5</u> (Sec. 8c(14) of Act) Grants immunity to violators of orders for violations committed between date of petition for modification or exemption, and <u>5 days after Secretary rules thereon.</u>	Immunity granted only if court finds petition in good faith and not for delay and then only for violations between time petition is filed and time of notice of <u>Secretary's ruling.</u>
<u>Sec. 5</u> (Sec.8c(17) of Act) Directs that provisions applicable to orders shall also be <u>applicable to amendments to orders.</u>	Adds that three days' notice of a hearing on amendments shall be considered due <u>notice.</u>
<u>Sec. 12(b)(2) (Sec.9(b)(2) of Act.)</u> Provides that tax rates on certain basic commodities until 12/31/1937 shall be <u>those in effect on 6/1/1935.</u>	Date changed from 6/1/1935 to "the date of the adoption of this amendment."



Sec. 12 Adds in Sec.9(b)(4) of Act a processing tax for rye from 8/1/1935 to 12/1/1937 at the rate of 30 cents per bushel of 56 lbs. Floor stocks taxes not applicable.

Sec. 12 Provides in Sec.9(b)(5) of Act a tax rate for flaxseed and barley (if a tax becomes effective prior to 12/31/1937) at 35 cents per bushel of 56 lbs. for flaxseed, and 25 cents per bushel of 48 lbs. for rye. Floor stocks taxes not applicable.

Sec. 12(Sec. 9(b)(4) of Act)

Provides for flexibility of specified tax rates, to meet conditions. But if flexibility is held unconstitutional or invalid, taxes shall be at rates specified by Congress.

(Sec. 9(b)(6)(A)(B)(C)(D)(E)(F) and (G) of Act.) Provides for flexibility in tax rate but if farm price of a commodity during 2 months before and 10 months after beginning of a marketing year is equal to fair exchange value, or does not exceed it by more than 20%, tax rate shall be reduced to 20% of fair exchange value at beginning of next marketing year: (if farm price exceeds fair exchange value by more than 20%, tax rate shall be reduced to 10% of fair exchange value at beginning of next marketing year.

(Note - this applies to tax rates specified in Sec. 12 (2) (3) (4) (5) - that is, wheat, cotton, field corn, hogs, peanuts, tobacco, paper, jute until 12/31/1937; rice to 7/31/1936; rye to 12/1/1937; flaxseed and barley to 12/31/1937)

Sec. 15 is added providing (in Sec. 9 (9) of Act) for processing tax on any material which results in production of rayon or other synthetic yarn, at 125% of rate of processing tax on cotton.

Sec. 17 Authorizing Secretary to confer and to cooperate with State authorities.

Sec. 18 Language changed to direct Secretary to confer with State authorities on their request; and to authorize him to cooperate with them.

Sec. 19 Flax, included as a basic commodity in the original Act, is changed to flaxseed.



Sec. 19. Providing that amounts expended in connection with any basic commodity shall not be less than proceeds of taxes for that commodity.

Stricken out.

Sec. 23 Authorizing Secretary to exempt 110 lbs. of lint cotton from taxes, for use in household of producer.

Sec. 25 Providing that disadvantage to producers, as well as processors, shall be considered in determining whether a compensating tax shall be levied on a competing commodity.

Sec. 29(b) Provides that no refund, etc of floor stocks tax shall be made unless claim is filed within 60 days after right to refund accrued; and no claim for less than \$10 shall be allowed.

Sec. 31(c) Provides that a return may be required to be filed and tax paid in local tax collection district; and returns on verified statements may be required to be filed and records kept to show who is responsible for tax.

Sec. 29 (Sec. 21(a) of Act) prohibits suits for recovery of taxes paid prior to adoption of amendment (in case of unconstitutionality) (d) Denying refunds after adoption of amendment, to those who have not themselves paid the tax.

Sec. 32 Senate bill also removes jurisdiction of courts for such suits. (d) Senate bill provides that this shall also apply in case prohibition of suits for recovery is held invalid.

Sec. 29 (Sec. 21 (f) of Act) makes Sec. 3226 Revised Statutes applicable to suits for recovery of taxes after adoption of amendment.

Sec. 32 provides that this shall also apply in case prohibition of suits for recovery is held invalid.

Sec. 29 (Sec. 21 (g) of Act) permits applicant for a tax refund to state under oath that he has no knowledge tax has not been paid.

Stricken out.

Sec. 30. Authorizing control of competing agricultural imports through taxation or direct limitation.

Stricken out.



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| Sec. 31. Authorizing appropriation of  
| 30% of customs receipts to encourage  
| exports and domestic consumption, and for  
other purposes.

| Stricken out.  
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| Sec. 33-36. Technical amendments deal-  
| ing with cotton option contracts.  
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| Sec. 33. Authorizes Secretary to sell  
| cotton at discretion instead of requir-  
| ing him to sell all cotton by 3/1/1936;  
| states power of Secretary to enter into  
| option contracts, and validates trans-  
| fers made prior to 1/18/1934.  
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| Sec. 34. Repeals Sec. 6 of Agr. Adj. Act  
| as this is covered by Sec. 7.  
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| Sec. 35. Extends period during which  
| \$100,000,000 is available in connection  
| with cotton options to the date when  
| cotton now held in the pool is finally  
| marketed.  
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| Sec. 36. Authorizes use of funds from  
| sale of cotton to meet administrative and  
other expenses of handling.

| Sec. 39. Defines cotton cooperatives  
eligible for Government loans.

| Sec. 40-41 Amendments to Bankhead Cotton  
| Act.

| Sec. 40 Extends operation of Bankhead  
| Act through 1937-38. Provides that  
| favorable vote of 2/3 of producers  
| actually voting shall be sufficient  
| basis for continuance of the Act;  
| ratifies action of Secretary in setting  
| 10,500,000 bales as national allotment  
| for 1935-36.  
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| Sec. 41 Authorizes appropriation for  
| administrative expenses of 25 cents a  
| bale for payment of additional  
ginning expenses.



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1 Sec. 42-53 Amendments to Kerr-Smith  
1 Tobacco Act.

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1 Sec. 42-44. Amending title to make  
1 clear Act is intended to raise revenue.

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1 Sec. 45 Extends operation to 4/30/1939;  
1 validates operations in 1935-36,  
1 revises referendum provision.

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1 Sec. 46 Authorizes tax exemption  
1 warrants for persons who cannot sign  
1 contracts for religious reasons.

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1 Sec. 47 Redraft of Sec. 5(b) of the  
1 Act to cover constitutionality.

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1 Sec. 48 Authorizes voiding of a  
1 warrant for non-compliance with agree-  
1 ment.

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1 Sec. 49 Provides for returns and in-  
1 formation to the Commissioner of  
1 Internal Revenue and prescribes penalty  
1 for wilfully failing to make return.

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1 Sec. 50 Authorizes agents of Secretary  
1 of Agriculture to administer oaths in  
1 connection with execution of forms.

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1 Sec. 51 Makes revenue collected under  
1 the Act available for adjustment pro-  
1 grams under AAA.

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1 Sec. 52 Extends period for filing  
1 claims for tax refunds to 1 year in-  
1 stead of 6 months.

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1 Sec. 53 Provides a 30-day leeway for  
1 filing tardy contracts by producers.